

Registered No. 3881155

EDO (UK) Limited

Report and Financial Statements

31 December 2008

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09/07/2009

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COMPANIES HOUSE

EDO (UK) Limited

Registered No: 3881155

Directors

P Hills
D Kelly

Secretary

P Hills

Auditors

Ernst & Young LLP
Wessex House
19 Threefield Lane
Southampton
SO14 3QB

Registered Office

Emblem House
Home Farm Business Park
Home Farm Park
Brighton
East Sussex
BN1 9HU

Directors' report

The directors present their report and financial statements for the year ended 31 December 2008.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report and financial statements reflect the results and financial position of the company itself, and not the consolidated group.

Results and dividends

The Company made a profit after tax of £5,173,000 (2007 – loss of £159,000), which the directors consider to be a satisfactory result. An interim dividend of £4,500,000 was paid during the year.

Principal activities and review of the business

EDO (UK) Limited is the parent company of a group engaged in the design, manufacture and assembly of a range of electro-mechanical equipment.

During the year the Group has continued to invest in developing its core capabilities and product ranges. This investment is considered by the directors to be of a medium to long term nature and returns from this, are expected in a similar time frame.

The Group continued to invest in the training and development of staff. Staff communications are given high priority within the Group using team briefings and company wide presentations. An Employee Involvement Council has been formed to ensure all staff can feed back on any area of the Group's performance. Emphasis is placed on encouraging participation by all staff in the business.

Directors

The directors who served during the year and subsequent to the year end are shown below.

F Bassett (resigned 22 January 2008)

L Palumbo (resigned 22 January 2008)

P Hills

F Otto (resigned 22 January 2008)

Sir Robert Walmsley (resigned 20 January 2009)

P Davies (resigned 31 October 2008)

A Davidson (appointed 22 January 2008, resigned 20 January 2009)

B Scott (appointed 22 January 2008, resigned 24 April 2009)

J Daniels (appointed 22 January 2008, resigned 24 April 2009)

P Barber (appointed 22 January 2008, resigned 24 April 2009)

D Kelly (appointed 20 January 2009)

The Company has indemnified the directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985. Such qualifying third party indemnity provision was in force during the year and is in force as at the date of approving the directors' report.

Research and development

The Group remains committed to developing new products and technologies in the core business areas.

Financial instruments

The Group and Company use certain financial instruments to help manage its operating risks. In particular the Group and Company utilise cash and overdraft facilities provided by its bank and loan balances provided by other group undertakings to manage the liquidity and cash flow risks faced.

Directors' report

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information required by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the board

P Hills
Director



5TH JUNE 2009

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of EDO (UK) Limited

We have audited the company's financial statements for the year ended 31 December 2008 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 11. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report

to the members of EDO (UK) Limited (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Southampton

9 June 2009

Profit and loss account

for the year ended 31 December 2008

	<i>Notes</i>	<i>2008</i> <i>£000</i>	<i>2007</i> <i>£000</i>
Other income		-	32
Administrative expenses		(32)	-
Operating (loss) / Profit	2	(32)	32
Income from investments		4,819	-
Profit on disposal of fixed asset investments		500	-
Interest payable and similar charges	4	(113)	(181)
Profit / (loss) on ordinary activities before taxation		5,174	(149)
Tax on profit / (loss) on ordinary activities	5	-	(10)
Retained profit / (loss) for the financial year		5,174	(159)

Statement of total recognised gains and losses

for the year ended 31 December 2008

There are no recognised gains or losses other than the profit attributable to the shareholders for the year ended 31 December 2008 of £5,174,000 (2007 – loss of £159,000).

Balance sheet

at 31 December 2008

	<i>Notes</i>	<i>2008</i> £000	<i>2007</i> £000
Fixed assets			
Investments	6	6,479	10,611
Current assets			
Debtors	7	-	508
Cash at bank and in hand		1	1
		1	509
Creditors: amounts falling due within one year	8	(4,333)	(9,647)
Net current liabilities		(4,332)	(9,138)
Total assets less current liabilities		2,147	1,473
Net assets		2,147	1,473
Capital and reserves			
Called up share premium	9	45	45
Share premium account	10	410	410
Profit and loss account	10	1,692	1,018
Shareholders' funds	10	2,147	1,473

P Hills
Director



5TH JUNE 2009

Notes to the financial statements

at 31 December 2008

1. Accounting policies

Basis of preparation

The financial statements of EDO (UK) Limited were approved for issue by the Board of Directors on the date shown on the balance sheet.

The financial statements are prepared under the historic cost convention and in accordance with applicable United Kingdom accounting standards. The particular accounting policies are described below.

Preparation of group accounts

The company has utilised the exemption available under section 228 of the Companies Act 1985, not to prepare group accounts. These accounts therefore present information about the company as an individual undertaking and not about its group.

Cash flow statement

The company has utilised the exemption provided under Financial Reporting Standard No. 1 (Revised) and has not presented a cash flow statement. The cash flow of the company is included in the group accounts of the ultimate parent undertaking EDO Corporation.

Related party transactions

The company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of the ITT Corporation group.

Fixed asset investments

Investments in subsidiary undertakings, which are held as fixed assets, are stated at cost less provision for any impairment. The carrying values are reviewed for impairment if events or changes in circumstances of the subsidiary undertaking indicate the carrying value may not be recoverable.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange ruling at the balance sheet date. The translation differences thus arising are dealt with in the profit and loss account.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes to the financial statements

at 31 December 2008

2. Operating profit

This is stated after charging/(crediting):

	2008	2007
	£000	£000
Foreign exchange gain	-	(64)

The directors' and auditors' remuneration are borne by a subsidiary undertaking.

3. Staff costs

All staff related costs are borne by a fellow subsidiary undertaking. No directors received remuneration in the current or prior period.

4. Interest payable and similar charges

	2008	2007
	£900	£000
Interest due on loans from parent and fellow subsidiary undertakings	113	181

5. Taxation on ordinary activities

The taxation charge is made up as follows:

(a) Tax charge on profit on ordinary activities

	2008	2007
	£000	£000
<i>Current tax:</i>		
United Kingdom corporation tax at 28.5% (2007 – 30%)	-	10
Tax charge on (loss) / profit on ordinary activities	-	10

(b) Factors affecting current tax charge for the year

The tax rate assessed for the period is lower than that resulting from applying the standard rate of corporation tax in the UK of 28.5% (2007 – 30%). The differences are explained below.

	2008	2007
	%	%
Standard rate of tax for year as a percentage of profit before tax	(28.5)	(30.0)
<i>Effects of:</i>		
Income not taxable	26.4	-
Tax relief on chargeable gains	2.7	-
Transfer pricing adjustments	(0.6)	-
Group relief adjustment	-	37.0
Current tax rate for year as a percentage of profit before tax	-	7.0

Notes to the financial statements

at 31 December 2008

6. Investments

	<i>Subsidiary undertakings £000</i>
Cost:	
At 1 January 2008	10,611
Disposal	(4,132)
	<hr/>
At 31 December 2008	6,479
	<hr/> <hr/>

The directors consider that the values of the subsidiary undertakings are not less than their book values.
The subsidiaries are:

<i>Name of company</i>	<i>Country of incorporation</i>	<i>Proportion of ordinary share held</i>	<i>Nature of business</i>
EDO MBM Technology Limited	United Kingdom	100%	Design and manufacture of Electro-mechanical equipment
EDO Aerotech Limited	United Kingdom	100%	Manufacture of electronic Components

During the year the company sold its 100% ordinary share interest in EDO Artisan Technologies Inc, a company incorporated in the United States, to a fellow group company.

7. Debtors

	<i>2008 £000</i>	<i>2007 £000</i>
Amounts owed by group undertakings	-	508
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8. Creditors: amounts falling due within one year

	<i>2008 £000</i>	<i>2007 £000</i>
Amounts owed to subsidiary undertakings	681	5,864
Amounts owed to parent undertaking	3,652	3,783
	<hr/>	<hr/>
	4,333	9,647
	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements

at 31 December 2008

9. Called up share capital

	2008	2007
	£000	£000
<i>Authorised</i>		
250,250 ordinary shares of 10p each	25	25
204,750 preferred ordinary shares of 10p each	20	20
	<u>45</u>	<u>45</u>
	2008	2007
	£000	£000
<i>Allotted, called up and fully paid</i>		
250,250 ordinary shares of 10p each	25	25
204,750 preferred ordinary shares of 10p each	20	20
	<u>45</u>	<u>45</u>

The rights attaching to the preferred ordinary shares related to the right to receive specific dividends, based on the reported profit before tax of the company. These rights were amended following the acquisition of the Company by EDO Corporation, and the preferred ordinary shares are now deemed to rank equal with the ordinary shares.

10. Reconciliation of movements in shareholders' funds and statement of movement on reserves

	<i>Called up share capital</i>	<i>Share premium account</i>	<i>Profit and loss account</i>	2008 <i>Total</i>	2007 <i>Total</i>
	£000	£000	£000	£000	£000
At 1 January 2008	45	410	1,018	1,473	1,632
Retained profit/(loss) for the financial year	-	-	5,174	5,174	(159)
Dividend declared and paid	-	-	(4,500)	(4,500)	-
At 31 December 2008	<u>45</u>	<u>410</u>	<u>1,692</u>	<u>2,147</u>	<u>1,473</u>

11. Ultimate parent company and controlling party

The Company's intermediate parent undertaking is EDO Corporation Limited, a company incorporated in the United States.

The Director's consider that the company's ultimate parent company and controlling party to be ITT Corporation, a company incorporated in the United States. ITT Corporation is the parent undertaking of the largest and smallest consolidated group that includes the company. Copies of its group financial statements are available from 4 West Oak Lane, White Plains, NY 10604.